



JOHN CHIANG
California State Controller

February 21, 2013

Barbara Nakaoka, Ed.D., Superintendent
Hacienda La Puente Unified School District
15959 E. Gale Avenue
City of Industry, CA 91745

Dear Dr. Nakaoka:

The State Controller's Office reviewed the costs claimed by Hacienda La Puente Unified School District for the legislatively mandated Standardized Testing and Reporting (STAR) Program (Chapter 828, Statutes of 1997) for the period of July 1, 1997, through June 30, 1999. Our review was limited to ensuring that the California Department of Education STAR program apportionment was properly offset.

The district claimed \$262,757 for the mandated program. Our review found that \$52,897 is allowable and \$209,860 is unallowable. The costs are unallowable because the district did not report any offsetting reimbursements, as described in the attached Summary of Program Costs and Finding and Recommendation.

For the fiscal year (FY) 1997-98 claim, the State paid the district \$138,446 from funds appropriated under Chapter 724, Statutes of 2010. Our review found that \$23,609 is allowable. The State will apply \$114,837 against any balances of unpaid mandated-program claims due the district as of October 19, 2010.

For the FY 1998-99 claim, the State paid the district \$124,311 from funds appropriated under Chapter 724, Statutes of 2010. Our review found that \$29,288 is allowable. The State will apply \$95,023 against any balances of unpaid mandated-program claims due the district as of October 19, 2010.

We informed Cynthia Parulan-Colfer, Chief Business Officer, of the review results via email on February 1, 2013. We did not receive a response from Ms. Parulan-Colfer.

If you disagree with the review finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's website at www.csm.ca.gov/docs/IRCForm.pdf.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/bf

Attachments

RE: S13-MCC-921

cc: Cynthia Parulan-Colfer, Chief Business Officer
Hacienda La Puente Unified School District
Arturo Delgado, Ed.D., County Superintendent of Schools
Los Angeles County Office of Education
Scott Hannan, Director, School Fiscal Services Division
California Department of Education
Carol Bingham, Director, Fiscal Policy Division
California Department of Education
Thomas Todd, Assistant Program Budget Manager
Education Systems Unit, Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

Attachment 1— Summary of Program Costs July 1, 1997, through June 30, 1999

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment ¹
<u>July 1, 1997, through June 30, 1998</u>			
Direct costs:			
Salaries and benefits:			
Pre-test and post-test coordination	\$ 50,126	\$ 50,126	\$ —
Test administration	38,374	38,374	—
Reporting and recordkeeping	16,840	16,840	—
Total salaries and benefits	105,340	105,340	—
Materials and supplies			
Test materials, supplies, and equipment	15,651	15,651	—
Reporting and recordkeeping	8,181	8,181	—
Total materials and supplies	23,832	23,832	—
Total direct costs	129,172	129,172	—
Indirect costs	9,274	9,274	—
Total direct and indirect costs	138,446	138,446	—
Less offsetting reimbursements	—	(114,837)	(114,837)
Total program costs	\$ 138,446	23,609	\$ (114,837)
Less amount paid by the State ²		(138,446)	
Allowable costs claimed in excess of (less than) amount paid		\$ (114,837)	
<u>July 1, 1998, through June 30, 1999</u>			
Direct costs:			
Salaries and benefits:			
Pre-test and post-test coordination	\$ 51,193	\$ 51,193	\$ —
Test administration	39,190	39,190	—
Reporting and recordkeeping	17,198	17,198	—
Total salaries and benefits	107,581	107,581	—
Materials and supplies			
Test materials, supplies, and equipment	101	101	—
Reporting and recordkeeping	8,280	8,280	—
Total materials and supplies	8,381	8,381	—
Total direct costs	115,962	115,962	—
Indirect costs	8,349	8,349	—
Total direct and indirect costs	124,311	124,311	—
Less offsetting reimbursements	—	(95,023)	(95,023)
Total program costs	\$ 124,311	29,288	\$ (95,023)
Less amount paid by the State ²		(124,311)	
Allowable costs claimed in excess of (less than) amount paid		\$ (95,023)	

Attachment 1 (continued)

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Review</u>	<u>Review Adjustment ¹</u>
<u>Summary: July 1, 1997, through June 30, 1999</u>			
Direct costs:			
Salaries and benefits:			
Pre-test and post-test coordination	\$ 101,319	\$ 101,319	\$ —
Test administration	77,564	77,564	—
Reporting and recordkeeping	34,038	34,038	—
Total salaries and benefits	212,921	212,921	—
Materials and supplies			
Test materials, supplies, and equipment	15,752	15,752	—
Reporting and recordkeeping	16,461	16,461	—
Total materials and supplies	32,213	32,213	—
Total direct costs	245,134	245,134	—
Indirect costs	17,623	17,623	—
Total direct and indirect costs	262,757	262,757	—
Less offsetting reimbursements	—	(209,860)	(209,860)
Total program costs	\$ 262,757	52,897	\$ (209,860)
Less amount paid by the State ²		(262,757)	
Allowable costs claimed in excess of (less than) amount paid		\$ (209,860)	

¹ See Attachment 2, Finding and Recommendation.

² Payment from funds appropriated under Chapter 724, Statutes of 2010 (Assembly Bill No. 1610).

Attachment 2— Finding and Recommendation July 1, 1997, through June 30, 1999

**FINDING—
Unreported offsetting
reimbursements**

The district did not report offsetting reimbursements totaling \$209,860 because it did not report any of the Standardized Testing and Reporting (STAR) Program apportionments received from the California Department of Education (CDE) for the review period.

On August 24, 2000, the Commission on State Mandates (CSM) adopted the statement of decision for the STAR Program. The CSM determined that Chapter 828, Statutes of 1997, and the implementing regulations at Title 5, *California Code of Regulations*, sections 850 through 904, imposed upon school districts a state mandate reimbursable under Government Code section 17561, commencing October 10, 1997.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The CSM adopted the parameters and guidelines on January 24, 2002. In compliance with Government Code section 17558, the State Controller's Office issued claiming instructions to assist school districts in claiming mandated program reimbursable costs.

On reconsideration by Statutes of 2004, Chapter 216, section 34; and Statutes of 2004, Chapter 895, section 19, the CSM found that effective July 1, 2004, many of the reimbursable activities were either federally mandated or no longer required, and thus were not reimbursable. Accordingly, the CSM deleted references to the non-reimbursable activities and renamed the program to the National Norm-Referenced Achievement Test Program effective July 1, 2004. This latter program has been suspended since September 30, 2008.

On January 24, 2002, the CSM adopted the parameters and guidelines, which establish the state mandate and define the reimbursement criteria.

The parameters and guidelines for the STAR Program (section VII) state:

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, services fees collected, federal funds and other state funds shall be identified and deducted from the claim.

Education Code section 60640, subdivision (h)(1), specifies that the State Superintendent of Public Instruction shall apportion funds to school districts to enable them to administer the tests within the STAR Program. For the review period, we determined that the district received \$249,431 from the CDE.

We determined the amount that should have been offset by multiplying the total CDE apportionment by the reimbursable mandate percentages, which are based on test results published on the CDE STAR website. The district administered the following STAR tests in the review period: California Standards Test (CST); Stanford Achievement Test, Ninth Edition; and the Spanish Assessment of Basic Education, Second Edition. The CST is not reimbursable because it was not pled in the test claim that created this mandate.

Based on the CDE's published test results, the reimbursable mandate percentages are as follows: 100% for fiscal year (FY) 1997-98; and 70.60% for FY 1998-99.

The following table summarizes the unreported offsetting reimbursement calculation for the review period:

	Fiscal Year		Total
	1997-98	1998-99	
STAR Program Apportionments:			
CDE apportionment	\$ (114,837)	\$ (134,594)	
Mandate-related percentage	× 100%	× 70.60%	
Mandate-related apportionment	(114,837)	(95,023)	(209,860)
Less offset CDE apportionment	—	—	—
Review adjustment	<u>\$ (114,837)</u>	<u>\$ (95,023)</u>	<u>\$ (209,860)</u>

Recommendation

We recommend that the district ensure that all applicable reimbursements are offset against mandated program costs.